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Abstract

Collective bargaining is closely related to social policy making to the extent that the outcomes of the former inform and influence social policy agenda. It is widely held, however, that trade unions in Central Eastern Europe (CEE) do not have a strong bargaining position and thus exert little impact on policy decisions. This paper challenges the view of CEE labour as a uniformly weak actor. It argues that CEE unions' ability to shape the bargaining agenda and social policies depends largely on the degree of privatisation, which overlaps with sectoral divisions. We find that unions in exposed sectors are unable to oppose greater flexibility even when there are no considerable wage gains, whereas workers in protected sectors manage to maintain their status and at times even enhance their welfare, both in terms of higher wages and better working conditions.

Keywords

Central-Eastern Europe, collective bargaining, trade unions, exposed and sheltered sectors, privatisation

Introduction

Welfare states across Western Europe have been under pressure and faced new policy challenges, such as reconciliation of work and family life, elderly care, and obsolete skill profiles. Despite falling membership numbers and country-specific difficulties (Martin and Ross, 1999), trade unions in developed market economies have largely retained their influence the course of welfare state restructuring. In addition to their function as political actors, they have been able to shape social policy responses by bringing certain issues onto the bargaining table (Frege and Kelly, 2003). There is evidence that not only wages and working conditions, but also other policy elements, such as retirement schemes, vocational training and education are subject to negotiations between social partners (see, for instance, Haipeter and Lehnhoff, 2009 and d'Arci et al., 2009). Consequently, both the degree and direction of Western European welfare states' restructuring can be to a large extent regarded as an outcome of collective bargaining.

In the aftermath of their transition from centrally-planned to market economy, Central and Eastern European states faced even greater socio-economic imbalances, and were pressed hard to address multiple and sometimes contradictory policy issues such as privatisation and restructuring, job security, pension system reforms and poverty reduction. It was widely argued by the literature, however, that neither the new institutional environment nor the legacy of socialism offered a fertile ground for the development of Western-style social partnerships (see, for instance, Ost and Crowley, 2001, and Bohle and Greskovits, 2004). Even formally established tripartite institutions were used by governments mainly as means of legitimising the already made policy choices rooted in neoliberal economic principles (Ost, 2000; Avdagic, 2005). In the light of these arguments, one could expect that CEE unions will find it hard to make use of strategies available to their Western European counterparts and actively shape the collective bargaining agenda. By the same token, they should be also incapable of influencing their countries' social policy reform agenda.

In this paper, we challenge this view of CEE labour as a uniformly weak actor. Instead, we argue unions' ability to shape both the collective bargaining process and the course of welfare state restructuring, depends to a large extent on the degree of privatisation in a given sector. As a proxy for the extent of privatisation, we use a dichotomy between exposed (private) and protected (public) sectors, which so far has been applied to account for diversity in macroeconomic performance (Crouch, 1993; Franzese, 2002; Garrett and Way, 2000; Traxler and Brandl, 2009). Accordingly, we claim that CEE labour organisations in the exposed (private) sectors are unable to avoid greater flexibility even when there are no considerable wage gains, whereas unions in protected (public) sectors manage to maintain their status and at times enhance their welfare, both in terms of higher wages and better working conditions.

We test the above argument using empirical evidence from Poland and Serbia. The two countries differ in terms of the degree of privatisation and their legacies regarding the role of trade unions in the transition process, but in both cases labour was found to be in a weak position vis-à-vis both capital and the state (Ost and Crowley, 2001). Our case studies show that despite the past and current differences,

collective bargaining practices in the two countries display systematic inter-sectoral variation. Both in Poland and Serbia, public (protected) sector unions are capable of affecting the collective bargaining outcomes and welfare policies, whereas in the private (exposed) sectors, the course of changes is set mainly by the employers and there is little input from the employee and/or state side. Our findings are based on the analysis of collective agreements, press reports and internal union reports, as well as interviews with labour union representatives.

The paper is structured as follows. Section 2 summarizes theoretical literature on cross-sectoral differences and outlines key characteristics of public and private sector unionism in CEE. It also presents our expectations regarding the type of issues tackled in collective bargaining and the extent of unions' influence on the bargaining and social policy outcomes. Section 3 briefly goes over the methodology employed and confronts our expectations with empirical evidence from metalworking, education and healthcare sectors in Poland and Serbia. The final section concludes.

Protected vs. Exposed Sectors and Bargaining Issues

In CEE, collective bargaining remains an underdeveloped practice and industrial relations are less institutionalised than in the West. Nevertheless, there are grounds to expect systematic differences between the region's protected and exposed sectors not only in terms of bargaining coverage and types of issues tackled by social partners in the course of negotiations, but also the extent to which unions are able to actively shape the outcome of bargaining over social policy aspects. This section outlines the dichotomy between exposed and protected sectors and uses the sectoral attributes to derive concrete expectations regarding collective bargaining practices in these two segments across the postcommunist region.

The distinction between protected and exposed sectors is used in literature to display heterogeneity of interests on the labour's side. Because the exposed sectors are subject to international competition and their competitiveness depends largely on the prices, inflationary wage demands would considerably harm them (Crouch, 1993). As a result, collective agreements concluded in these sectors tend to provide for wage restraints and inflation control. Traxler and Brandl (2009) further argue that exposed sectors' pattern bargaining ensures wage moderation more successfully than peak level bargaining, since the former is driven by market rules while the latter is an outcome of the political game. In contrast, Schwartz (2001) asserts that workers in protected sectors derive their income streams mainly from regulations enforced by the government, and the limited degree of competition gives them a structurally favourable stance. Hence, they mainly aim at maintaining their granted rights and their monopoly position, and are ready to fiercely bargain over these at the expense of exposed sectors.

One drawback of applying the above logic to CEE is the decentralised nature of the collective agreements in the region. The dominant bargaining level is the sector or the company (European Commission, 2008), and thus wage coordination is virtually impossible to be achieved nationally. Moreover, company level agreements are mostly signed in the public sector or in large private enterprises, and they are very

rarely found in small and medium sized firms, be it foreign or domestic. When compared across sectors, however, the difference in unionisation and collective bargaining coverage is striking; in the public sector, union density rates as well as bargaining coverage rates are much higher. Moreover, while in the private sector the dominant bargaining level is that of company, in the public sector unions are still able to engage in negotiations with social partners at higher organisational levels (for Poland, see Czarzasty, 2002, and Lizut, 2009).

In addition to wage matters, our study focuses on a range non-wage issues having direct bearing on the formulation of welfare state policies, such as employment flexibility, employment-related benefits, restructuring and retirement programmes. Many of these issues are informed by the legacies of the previous regime. Socialism was a wage-earners' society par excellence, in the sense that employment was a primary guarantee of social status, giving access to rights and benefits both within and outside the workplace (Castel, 2003). This provided a fairly rigid formulation of employment relations, with tight, seniority-based hierarchies, restrictive provisions for deployment of labour in terms of task allocation, and a wide range of social benefits linked to the workplace. Especially during the 1980s, CEE communist countries relied on this cushioning employment arrangement to compensate for devaluation of wage incomes through high inflation and frequent wage arrears. In the course of post-socialist transformation, rising unemployment levels and periods of fiscal austerity imposed strict wage discipline. It thus comes as no surprise that with economic stabilisation wages have soared to the fore in collective negotiations.

Nevertheless, protective employment relations remained in the unions' perceptions as "property rights" (Schwartz, 2001) and were also, at least until recently, partly enshrined in law. When privatisation gained momentum and majority of the enterprises were integrated into the market system, workers were often torn between safeguarding employment and maintaining or reinstituting the rights acquired under the previous regime. This meant that employment-related rights were upheld in collective agreements even if unions were perfectly aware that they will not be honoured, and reforms aimed at greater flexibilisation of working time or labour contracts were subject to significant resistance in principle, even though they became widespread in practice. In the aftermath of transition, both public and private sector unions sought to restore some of these rights and to improve wages and working conditions, but not all of them were successful in attaining this goal. We argue that structural factors and inter-sectoral differences in union strength altered the final bargaining agenda in relation to both wage and non-wage issues. Table 1 below outlines the main characteristics of labour organisations in exposed and protected segments of CEE economies and our expectations regarding unions' ability to preserve and/or enhance employee welfare and collective bargaining practices across the two types of sectors.

	Protected sectors	Exposed sectors
Union characteristics	Relatively high union density; high potential for coordinated mobilisation and politicisation of protests	Low union density; considerable fragmentation; problems with representativeness; low potential for coordinated mobilisation and politicisation of protests
Employment security	High	Low Persistent unemployment
Issues in collective negotiations	Wage issues Non-wage issues (privatisation, early retirement schemes, working time)	Wage issues Sporadically non-wage issues (working time flexibility, use of temporary workers, outsourcing)
Unions' influence on the bargaining outcome over non-wage issues	High	Low
Prevailing characteristic of non-wage issues in the sector	Welfare-enhancing/ Status-preserving	Cost-cutting

Table 1. Union Characteristics and Expected Features of Collective Bargaining in Protected and Exposed Sectors in Central and Eastern Europe

As can be seen from the above table, we expect that unions in the protected sectors to play an important role in shaping the agenda and contributing to employee-friendly bargaining outcome. High employment security in these sectors enables them to mobilise their members over a wider spectrum of demands, including both wage and non-wage issues. Many of these issues are related to welfare reforms in these countries and especially those concerning the public sector. Also the outcome of the bargaining process impacted the flexibilisation and deregulation of labour and social policy. In contrast, trade unions in exposed industries have a much harder task to push through their demands in the course of collective bargaining. Weakness and fragmentation of labour organisations, combined with low employment security in the private sector and persistent high unemployment will limit unions' activism in relation to wage issues. Non-wage issues might be expected play even a less important role in the negotiations, as the unions will be too weak to mobilise their constituencies over broader concerns unrelated to pay. Consequently, issues such as working time and organisation, the use of temporary workforce and the extent of outsourcing practices will be shaped primarily by the employers.

Inter-Sectoral Variation of Collective Bargaining in Poland and Serbia

To test the above expectations, this section overviews issues commonly tackled in collective bargaining in Poland and Serbia in the period from late 1990s till present. The analysis of protected sectors is based on the systematic observation of education and health care sectors. The analysis of the exposed sectors draws primarily on examples from the metalworking sector. For Poland, the emphasis is put on the automobile industry, which is a significant employer and exporter, and has grown tremendously in recent years under the influence of foreign direct investment (FDI). In Serbia, although the metalworking sector is still largely in the process of restructuring, it is one of the few private sectors where collective bargaining exists.

We base our findings primarily on the analysis of press releases and union materials. We relied on Eironline news items and comparative studies published by the European Foundation for the Improvement of Living and Working Conditions, reports in the two countries' biggest daily newspapers (*Gazeta Wyborcza*, *Gazeta Prawna*, *Rzeczpospolita* for the Polish case, *Danas*, *Blic* and news portal *B92* Serbian case), and on information regarding current union activities posted on their Internet pages. For the Polish case, we conducted two telephone interviews with the high-rank union officials of the biggest Polish teachers' union ZNP and three telephone interviews with union leaders at MAN, Fiat and GM automotive plants. In Serbia we conducted personal interviews with the president of the biggest health union, SZSZ, and secretary for collective bargaining in SOS, as well as with the two advisors in the national council of *Nezavisnost*, and secretary in the economic department of CATUS. In metalworking, we also interviewed personally the president and secretary of the metalworkers' union GSM (*Nezavisnost*) and the head of the regional council of SMS in *Vojvodina*. The differing levels of trade union organization targeted in the interviews reflect the specificity of collective bargaining regimes of the two country, and in each case, we selected our interviewees in line with the level at which the majority of agreements in a given country are concluded. The interviews were conducted between October 2009 and January 2010.

In addition, we relied on the studies and internal reports produced by unions, which are included in the reference section. In the Serbian case we also reviewed the existing sectoral collective agreements since 1999 (1 agreement and one preparatory document in health, 5 agreements in education) comparing their terms with those of the Labour Code and the (in the meantime repealed) national collective agreement, especially in the sections regarding right to information, working time, holidays, dismissals and severance pay, wages and bonuses, financial assistance, and the status of trade unions.

Exposed Sectors in Poland and Serbia

Poland

Until the mid-2000s, union activism in exposed sectors was very low. In view of the precarious labour market situation, characterised by a low level of employment security and persistent high unemployment, unions refrained from raising wage issues. Instead, they accepted long periods of wage freeze and dismal working

conditions in order to protect employment. Since workers were afraid of job cuts, it was also difficult for existing organisations to keep their members and for newly created units to recruit activists. As a result, a vicious circle of trade union weakness and employee fear was sustained over many years following the systemic transformation.

The situation changed only in the second half of the 2000s, when labour shortages resulting from the growing demand for qualified workforce and high emigration rates to the 'old' EU member states boosted the bargaining position of Polish labour. Accordingly, exposed sectors such as the electronic or the automotive industry witnessed a tide of wage increase demands, voiced by unions and backed up by the workforces tired of the belt-tightening policies pursued by the management. Collective disputes and strikes became commonplace (Meardi, 2007), as the overwhelming majority of workers would cast their votes in favour of protest actions during strike balloting. In certain cases, unions made particularly bold wage increase claims: in 2007, for instance, the local Solidarność unit at GM/Opel demanded the pay hike of 1.000 PLN (approx. 250 euro) for each worker, representing 30% of basic pay. At FIAT, on the other hand, Solidarność sought to level wages at the two Polish units with that at FIAT's Italian plants. All in all, even if initial unions' proposals were rejected, pay increases often exceeded 5-15%.

A protest wave of 2007 also motivated automotive unions to coordinate their actions at the sectoral level. In October 2007, plant-level Solidarność activists from Silesia, the biggest automotive cluster in Poland, signed an agreement to exchange information on collective bargaining at their factories and coordinate protests across the region. They also urged employers to engage in constructive social dialogue at the sectoral level. In the absence of legally binding provisions regulating sectoral-level bargaining, however, the unionists' call met no reaction on the side of the management (Eironline, 2007).

In contrast with wage issues, non-wage items such as work organisation, health and safety were considerably less interesting for workers. Without the constituency support, in turn, it was difficult for the unions to push through the employee-friendly solutions during the enterprise-level collective negotiations. The deputy chair of enterprise-level Solidarność unit at GM/Opel presents this rank-and-file mobilisation problem as follows:

"The company is aware that there are certain topics for which I can win the workforce. And pay is such a controversial topic. As a matter of fact, people don't give a damn about health and safety issues ... the employer knows it and neglects the issue ['vimba sobie']. But he is serious when it comes to money as he knows that the people will move [i.e. mobilise]" (Interview OPEL, 2009).

Due to weak rank-and-file support, company-level unions could not actively shape the bargaining agenda relating to non-wage issues. As a result, non-wage topics would often be decided unilaterally by the management and designed in the first place to cut expenditures and boost productivity, at the expense of working conditions and workers' personal welfare. Working time is the most prominent example of a domain that featured abuses by the management. Although labour code

defines the maximum working time and the minimum overtime work premia, many employers either stuck to the absolute minimum standards or violated legislative provisions, knowing that penalties were low enough. Some companies attempted to prolong working time reference periods or, like bus producer MAN, to introduce working time accounts - an arrangement increasing working time flexibility typical for the German industrial relations system but illegal in Poland (Interview MAN, 2009). Another interesting phenomenon, which became common *inter alia* at the Polish branch of FIAT, was the extension of overtime work options. Since the basic wage was relatively low, many employees used the opportunity to earn extra money through overtime work. At the same time, trade unions had a hard time mobilising the workers' support for regular pay rise negotiations. (Interview FIAT, 2009).

Regarding health and safety and working environment issues, labour organisations intervened not only in reaction to workplace accidents, but also tried to improve the working environment on a daily basis. Union demands in this regard included, the creation of a new canteen and a parking lot, the construction of additional changing rooms or the improvement of heating systems. As in the case of working time, however, final decisions regarding working environment reorganisation were taken by the management.

Last, but not least, unions often appealed to the employer to minimise outsourcing practices and the use of temporary workers. The plant-level *Solidarność* at Volkswagen Poznań, for instance, staged an anti-outsourcing campaign in the fall of 2007, while their counterparts from GM/Opel in Gliwice made use of their cross-border links with the company's European Works Council (also known as European Employee Forum, EEF) to preclude the takeover of cockpit and door production by external companies. In the same vein, plant-level *Metalowcy* unionists at the Poznań MAN plant tried to convince the management that the use of temporary workers might adversely impact the quality of bus production, which required high levels of technical qualification and manual precision. The company accepted the unionists' claims in a period of labour shortage, but hired temporary workers once again in 2008, when the labour market situation improved (Interview MAN, 2009).

Serbia

The definition of "exposed" sector in Serbia is somewhat ambiguous, and is used here to broadly refer to those enterprises which are not part of government-run social or public services. Within this sector, however, there are many large companies which in spite of all privatisation efforts remain publicly owned, and although in principle they compete on open markets and are thus "exposed" to competition, they are effectively being kept afloat by government subsidies. As a consequence of this incomplete privatisation process, we can distinguish between three groups exposed sector companies, each presenting different challenges to unions and forcing them to focus on different issues. Regardless of the divisions in the exposed sector, unlike in Poland, where a steady influx of FDI and a massive outflow of workforce have tightened the labour markets and strengthened workers' bargaining position, employment in Serbia's exposed sectors is still in free fall. Since 2001 the manufacturing sector lost around 40% of its workforce (around 250.000 workers),

setting employment security and management of redundancies among the highest priorities of trade unions.

There are first of all companies still in the process of privatisation in Serbia. In the metalworking sector, this group accounts for a very large portion of employment, consisting mainly of big companies and parts of former conglomerates at various stages of restructuring. Indeed, in terms of union influence this group is doubly significant, as many of these companies used to be union strongholds in the past and maintain relatively high levels of membership. Most of them, however, are in a dire business condition and their unions are chiefly concerned with ensuring that the privatisation deals include decent severance packages for workers who are to become redundant. Although they go by the name of “social programmes” these redundancy measures mostly consists of negotiating severance pays above the legal minimum and very rarely entail some kind of re-employment or retaining programmes (SMS, 2009). Most privatisation contracts also contain the clause of maintaining the employment levels for at least one year after the change of ownership (APS, 2009), and the unions often try to ensure that a collective agreement is signed before privatisation and entered as an obligation for future owners into the sales contract.

However, in the early stages of privatisation the main focus is the survival of the firm, and unions understand it as their job to protect company assets and maintain production. Only in 2008 the metalworking branch of the Confederation of Autonomous Trade Unions of Serbia negotiated around twenty deals with the government on subsidies or debt restructuring to keep companies operational and more attractive to buyers. In this, unions often try to tailor the offers to what they consider to be the right kind of owners – including cases when they insisted on lower sale prices to make the company affordable for “strategic partners” and avoid speculators (SMS, 2007). In the meantime, however, the bread-and-butter issues of workers’ welfare are postponed until the company is privatised. Many companies in this situation report that they do have a collective agreement, which is not implemented due to financial problems (SMS, 2008). Wage arrears are common, as are derogations of wages to the minimum wage over extended periods of time. Protests are much less common, and when they do happen they often entail demands on the government to “speed up” privatisation (SMS, 2008).

In the second group we find companies that have been recently privatised, and where the relations with employers tend to be the most explosive. On the one hand, as noted before, unions try to impose many demands on the new owners through the sales contract, fearing that later on they will have less power to influence the terms of bargain. However, these terms are often too onerous for the new owners, and breaches of contracts related to employment and collective agreements are very frequent (SMS, 2009). On the other hand, Serbia has an impressive track record of failed or fraudulent privatisations – according to the Agency for Privatisation, sales contracts were annulled for 25% out of 2500 companies privatised since 2002. This only raises unions’ suspicions towards new owners, as well as their insistence on the fulfilment of all provisions set by the sales contract. Moreover, because recently privatised companies are anyway supervised by the Agency for Privatisation, which can exert credible pressure (through the threat of cancelling the contract), unions feel empowered do demand their rights. This can strain relations with the new employers:

in 2007, in a survey of 42 privatised and non-privatised firms in the metal working sector, the Autonomous Trade Union of Metalworkers registered 12 demands for reassessment of implementation of the sales contract. Between 2002 and 2009, 48 sales contracts in metalworking have been annulled (out of 244), at least one third due to breaches of collective agreements, redundancy pacts and other labour-related provisions (SMS, 2009).

In spite of frequent conflicts, unions' strategies in recently privatised companies are also marked by certain ambivalence, between the desire to protect workers' welfare and fear that if the privatisation fails the company might be liquidated. "Trayal", a tyre producer from central Serbia privatised in 2006, saw five strikes between mid-2008 and mid-2009, with workers complaining about underemployment, wage arrears and breaches of the terms of collective agreement which stipulated, among other, relatively high severance payments for redundant workers. However, on two occasions during the same period the unions supported owners' request for the extension of legal deadlines for the fulfilment of investment obligations to preserve the sale contract. Thus, even though the unions appear most active and militant in recently privatised companies, the range of issues they are concerned with is actually very limited, focusing almost exclusively on proper execution of redundancy programmes regular wage payment. Given the employment situation, it is perhaps hardly surprising that the requests for wage increases are much more rare, and are almost never a cause of conflict: in July 2009, out of some 32 000 workers who were on strike in the manufacturing sector 70% protested payment arrears, but not one protest was staged to demand raises, although wages in manufacturing are well below the national average (around 80%).

Finally, the third group of companies consists of newly created private firms or those that are no longer supervised by Agency for Privatisation. Here the union activity is at its lowest, and the data about collective bargaining is very scarce. Public protests or strikes are rare, although some firms have experienced conflicts shortly after privatisation. A good example is US Steel Serbia, where the workers staged a strike a few months after privatisation, demanding higher wages, a collective agreement and guarantees for the investment programme (Scherrer, 2003). After a month of protests the strike was settled through a wage increase which brought the hourly rates in line with the sectoral average. The company experienced no conflicts since, and the president of trade union confederation "Nezavisnost" recently dubbed the collective agreement at US Steel "the best one in Serbia" (Interview RFR, 2009). It is possible that unions are not very active in firms where standards are higher than elsewhere in the sector, which is a pattern familiar from other East European transition countries (see especially Ost, 2005; Ost and Crowley, 2001). However, even where workers are not entirely satisfied, unions emphasise the need to "learn how to deal with "real" owners" (UGS Nezavisnost, 2006) and that they "cannot afford confrontation" with private owners (SMS, 2007).

A review of collective agreements in the sector indeed demonstrates that the remarkable docility of workers in private companies is not always due to their being well off, as clear examples were found of collective agreements which set very low working standards (including wages), sometimes even below the legally prescribed minimum. This is to a large extent due to the fact that the collective bargaining

process is extremely decentralised and there is virtually no coordination across the sector. Company-level agreements are neither published nor systematically registered by the unions, and there is little data on the coverage or content of these agreements. As one union official admitted, the union only finds out about them “when something goes wrong” (Interview GSM, 2009).

Nevertheless, based on the sample we collected through company unions, some conclusions can be drawn about the issues involved in collective bargaining in private firms. We found that these agreements are as a rule less detailed and less generous than those in the public sector, especially regarding non-wage “status-related” issues such as holidays, paid and unpaid leave and small financial perks such as gifts for special occasions (state and religious holidays, anniversaries etc.). On the other hand, they contain more liberal provisions on working time and within-firm mobility (including for jobs requiring lower levels of qualification). What comes across very clearly when comparing these agreements to the labour code is that the unions seem most interested in issues that could be “monetised”, i.e. increasing compensation for overtime and night work, ensuring payment of transportation costs and daily meal allowances etc. The trend is observable even with regard to health and safety at work, where the agreements usually refer to the minimum set in the labour code, but occasionally set special wage bonuses for high-risk jobs. By contrast, working time arrangements appear to be entirely uncontroversial – while some agreements set provisions for continuous work process or working time accounts, others simply state that these issues will be “regulated by the employer as necessary”. This observation is confirmed by a report by the Labour Inspectorate, which found that about 80% of the firms they visited in 2008 had no working time regulation and employers didn’t keep records on overtime work.

Protected Sectors in Poland and Serbia

Poland

Both in education and health care, wage issues featured high on Polish unions’ bargaining agenda. In view of the persistent gap between remuneration levels in public and private sectors, it was a priority for public sector unions to seek salary increases. When their wage demands were not met, unions would often recourse to protest actions. The most prominent example of a sustained, coordinated protest was the occupational strike of medical personnel in late spring 2007, which for a few weeks transformed the area adjacent to the President’s chancellery into a “White Village” of nurses demanding pay hikes. Similar claims have been formulated by unions in the education sector. Importantly, unions did not only push for pay increases for particular occupational groups, but they also lobbied the government to provide more funding for whole sectors. In healthcare, for instance, unions regularly called for financial relief for indebted hospitals, but also for higher sums for servicing individual patients within the system of contracts concluded between medical entities and regional units of the National Health Fund (NFZ, Narodowy Fundusz Zdrowia). Similarly, education unions demanded that more money was spent on public education. Finally, public sector unions resolutely defended their rights to participate in regular consultations over pay increases with responsible governmental bodies. A

recent attempt to deprive education sector unions of this privilege met with a strong negative reaction of teachers' unions, which forced the government abandoned plans to change the existing regulation.

Concerning non-wage issues, at least two items on the collective bargaining agenda in protected industries merit closer attention. First, education and healthcare unions have actively engaged in a debate over the government's plans to privatise the two branches. Throughout the 2000s, healthcare unions staged regular strikes against the transformation of public healthcare institutions into commercial entities. According to labour activists, the privatisation of medical care would have a number of negative consequences. Not only would it jeopardise indebted hospitals and cut off poor people's access to medical services, but it would also deprive medical personnel of the commercialised entities of rights and benefits enjoyed under the public management. After five years of recurring struggles and waves of medical personnel's protests both at the national and local levels, in May 2008 the Parliament suspended the preparation of the privatisation bill.

A similar privatisation debate took place in education. Unions failed to preclude the creation of private schools - they considered private education entities as competitors that could potentially undermine public school teachers' remuneration and working conditions. In public debates, they raised concerns over teaching standards in private schools and used the quality argument in discussions on the draft version of the services Directive (also known as the Bolkestein Directive), an initial version of which applied to the so-called serviced of general interests (SGI) such as healthcare or education. The biggest union in the sector, the Polish Teacher Union (Związek Nauczycielstwa Polskiego, ZNP), participated in Europe-wide manifestation against the draft EU legislation, seeking to prevent foreign education entities from entering Poland and underscoring the merits of publicly managed schools (ZNP, 2006a, 2006b). Similarly, in late 2007 the union boycotted the government's bill on transformation of public schools into commercial entities. The union repeated its quality argument but also pointed to the potential loss of teachers' benefits following privatisation. After protracted negotiations, in February 2008 the government changed its privatisation proposal. According to the revised draft, only entities with less than 70 pupils could be subject to commercialisation, and only if regional education control unit approved the plan (kuratorium oświaty).

Another issue that triggered widespread protests of teacher unions was the government's plan to phase out early retirement schemes enjoyed by education sector workers. A legislation enacted in 1998 foresaw that teachers would be able to make use of the early pension only till the end of 2008. After the wave of protests across the country in the first half of 2009, the government and ZNP agreed to prolong teachers' retirement privileges to 2032; each year, however, a certain age group of teachers would be deprived of the early retirement option. The solution, known as the so-called 'compensatory bill', was not accepted by other unions representing the education sector, most notably Solidarność, which demanded an unconditional and unlimited preservation of teachers' special pension rights. In the eyes of a ZNP official, however, the bill represented 'the only solution' (Interview ZNP, 2009) that could be negotiated in view of PSL-Civic Platform government's offensive against early retirement schemes.

Last, but not least, working time issue was also an important item on public sector unions' bargaining agenda. In the 2000s, the government intensified efforts to increase the number of working hours of healthcare and education sectors' employees but the unions effectively opposed the government's plans. In education, for instance, unions convinced the Education Ministry that a debate over the possible extension of working hours should be preceded by an in-depth examination of actual time spent by teachers for preparation of courses and classes, which was to commence in late 2009.

Apart from their considerable mobilisation potential, public sector unions were particularly skilful in politicising the matters subject to negotiations and used their political access to gain advantage during the collective bargaining process. During an interview with one of the authors, the Deputy President of the Polish Teachers' Union acknowledged that his union found it easier to push through its demands in the wage and non-wage sphere when it had its representatives in the Parliament among MPs of the left-wing Democratic Left Alliance (SLD) (Interview ZNP, 2009). But the political affiliation of public sector unions is a double-edged sword. First, while it makes it easier to build political alliances with 'friendly' governments, it impedes union-government communication at times when political parties representing different ideological standpoint are in power. For instance, social dialogue between the left-wing ZNP and the Education Minister Roman Giertych representing the conservative League of Polish families (LPR) was practically non-existent. Second, it also makes it more difficult for trade unions siding with opposing political parties to come up with a common bargaining agenda. For this reason, the stances of the two most powerful trade unions in the educational sector, the left-wing ZNP and right-wing Solidarność's Health Section, have often diverged in recent years. In order to avoid shaky political alliances and ideological classifications, newly emerging labor organisations choose to concentrate purely on wage and non-wage demands. All-Poland Trade Union of Nurses and Midwives (Ogólnopolski Związek Zawodowy Pielęgniarek i Położnych, OZZPiP), affiliated at the Forum union federation, is an interesting example of a strong, independent trade union created in response to persistent financial problems of medical personnel and the healthcare sector as a whole, which strongly favours organising and direct mobilisation over political activism.

Serbia

Compared to manufacturing, Serbia's protected sectors have been characterised by remarkable employment stability, in spite of the transition. As already noted, Serbia has lost about 40% of manufacturing employment during the 2000s, and overall employment fell by some 20% in the same period. In the meantime, the employment in health, education and public administration remained stable and even grew slightly. This allowed unions to focus on other issues, and indeed most union demands over the last decade focused almost exclusively on wages. This is especially true of health and education, where wages are among the lowest in the public sector (around 20-30% lower than in public administration and utilities), and about the average of the rest of the economy.

Because of severe indebtedness and fiscal pressures that the Serbian state has been facing over the last decade such union demands have repeatedly opposed by the government, and frequently resulted in strikes and protests. In education, strikes or threats of strikes have become a regular occurrence at the beginning of every school year and towards the end of the first semester (when the budget is being defined for the coming year). These have kept the wage growth in education stable and above the level of inflation, but may have contributed to entrenchment of a pattern of weakly institutionalised social dialogue, where the government only concedes to work with unions when forced. This is even more evident in case of health, where unions have not been able to exert sustained pressure on the government, and the wage growth pattern has been significantly more irregular. In December 2002, about a hundred health workers, organised by the branch of “Independence” trade union came to Belgrade on foot from many parts of Serbia and camped in front of the Ministry of Health for over two weeks, eventually forcing the government to negotiate a substantial wage increase. A similar action occurred in 2007, when some 10.000 union members protested outside the government buildings. On other occasions, however, when no public protests accompanied negotiations, the wages for this sector failed to exceed inflation.

Part of the reason that teachers’ unions seem to have a greater capacity to force the government into negotiation is structural: health workers have a much smaller recourse to strike, as their right to strike is regulated not only by the Law on Strikes, which prescribes extensive “minimum work process” while in protest, but also by a special government decree on strike in the health sector, which makes work stoppages nearly impossible, and which the government refused to repeal in spite of repeated calls from the unions. Unlike teachers, the health unions are also more cautious of alienating the public if they withdraw essential services, and their actions have thus been mostly limited to symbolic protests. Another part of the explanation probably lies with unions themselves. In education, after some initial bickering mainly on political grounds, the three representative trade unions have been very successful in coordinating their demands on the government. In health however, there has been some division over time along occupational lines, with separate unions being formed for doctors, nurses and non-medical personnel. Although the two central and most numerous confederations have tried to preserve unity and distribute the benefits across occupations, both doctors and non-medical personnel have staged separate campaigns to improve their lot, the former managing to persuade the unions to demand partial “decompression” of wages to allow greater gains for the top earners. Nevertheless, even though wage growth has been less regular, there is a clear trend towards the convergence of wage levels in health and education, as well as some evidence of “competitive benchmarking” between the two sectors, with wage demands in one sector being staged in response to increases in the other (Interview SZZS, 2009).

The difference in unions’ ability to push for certain demands in these two otherwise very similar sectors can also be observed with regard to non-wage issues. In the past decade, the most important such issues centred on the government efforts to “rationalise” the public sectors and, to a lesser degree, union demand for proper institutionalisation of collective bargaining. Under the pressure from the

International Monetary Fund, the Serbian government has attempted to reorganise and reduce the number of employees in the public sector since 2005. The programme offered by the government relied on voluntary redundancies offering “stimulating” severance payments about 20% higher than prescribed by the law, and the unions were involved in the selection process. The reform caused surprisingly little protest in the health sector, and around 15,000 employees left the hospitals in the next three years. Although it is true that health workers have more opportunities to withdraw to the private sector, the unions still maintain that this was a great sacrifice and insist that they will not cooperate on any further efforts to reduce employment (Interview SZZS, 2009). In education, however, the unions chose to ignore the programme. They insisted that the severance payments were not attractive enough and tried instead to limit new hires, forcing management to administer work sharing schemes and instead of hiring through public calls accept transfers of workers being made redundant in other educational institutions. In summer 2009, the government again proposed a reform of the educational system, which entails increasing the number of students per class and curbing employment, but agreed to amend certain provisions as teachers threatened that the school year will not begin until their objections were accepted. The reform was eventually approved, but the unions demanded that all funds saved through the employment cuts be used to increase wages of the remaining teachers (SOS, USPRS, GSPRS “Nezavisnost”, 2009).

Finally, health and education display a particularly stark difference when it comes to the very process of collective bargaining. Since early 2000s, teachers’ unions have regularly signed collective agreements, even if on occasion these had to be prodded along with threats of public protests. In health, however, no agreement was signed between 1999 and 2009, although the unions have been negotiating the new agreement with the ministry for almost four years. The greatest obstacle to agreement was the governments’ refusal to allow some wage-related issues into the agreement - or, as we referred to them above “monetised” non-wage issues. As wages in the public sector are negotiated separately, as part of the budget, collective bargaining serves almost exclusively to set the working standards and other non-wage issues. These, however, are remarkably generous: when compared to the private sector they provide for much longer holidays and other periods of time off (i.e. paid leave), often set up so-called “recreation and rehabilitation funds” for collective use, have greater training opportunities and strict protections of employment status (i.e. limiting inter-firm mobility, restricting use of time accounts etc.), as well as provisions for government-sponsored housing schemes. Here it is important to stress that even though health employees were not covered by a sector-level agreement throughout this period, company-level agreements remained in place (Interview SZZS, 2009), and they even succeeded on negotiating substantial non-wage issues (such as housing schemes) and even some smaller perks outside of the framework of collective bargaining. For instance, the “New Years’ present for employees” ceased to be an optional gesture to be agreed on the firm level and was moved onto the list of “budgetary issues”, amounting to a hefty sum of up to one third of the average wage in the sector. In a sense, even though the scope of bargaining in the public sector is much broader, some of the traits observed in the

private sector are reproduced here, notably the trend towards “monetisation” of non-wage issues. Most strikingly, perhaps, in education even the union matters have become subject to this tendency. “Improving” the labour code of 2005 which states that employer should provide a certain number of paid hours off to the company union leadership for union business, the 2006 collective agreement in education stipulated “either 20 paid hours off or a wage increase of 12%”. Three years later, the agreement dispensed with paid hours entirely, offering only the option of wage increase.

Conclusions

In this paper, we argued that trade unions have a significant potential to influence welfare reforms not just through political channels but also via their active participation in collective bargaining. This is because non-wage issues tackled during the negotiations are closely linked to the design of social policies, and the position of unions on these matters can either smooth or hinder the reform process. Although the literature suggests that labour in postcommunist countries has a limited potential to shape the collective bargaining agenda and influence social policy making, we argued that their bargaining power and the degree of influence on welfare state restructuring very much depends on the type of sector within which they operate. Throughout the examined period, Polish and Serbian unions in protected sectors were able to maintain their status and at times enhance their welfare both in terms of higher wages and better working conditions. Through the participation in collective bargaining, they have also had a significant impact on reducing the welfare state cutbacks. In contrast, private sector unions are lacking the organisational power to avoid undesired outcomes both in wage and non-wage sphere. It is worth noting that these sectoral differences are robust in both countries, despite their distinct communist legacies and difference in their current position in the international economic system.

That being said, the evidence from the Serbian health care sector indicates that the final shape of the bargaining agenda and the extent to which unions are able to actively defend the welfare of their constituency might depend also on other factors. Unfavourable state regulation limiting collective action in a given sector or a high degree of fragmentation of trade union movement may considerably limit the salience of the structural variables. Despite relatively high unionisation levels and favourable positioning of their sector outside direct market pressures, Serbian health workers were much less successful in upholding their social status than their counterparts in education.

Last, but not least, the above-outlined sectoral attributes are clearly not an exclusive prerogative of Central and Eastern Europe, and earlier studies showed that they play an important role in shaping Western European unions’ policy agenda (see, for instance, Swenson, 1985). At the same time, however, it seems that the cross-sectoral differences are especially pronounced in CEE, due to large disparities in union strength and the specific traits of the privatisation process in CEE. In the case of exposed sectors, well-documented weakness of sectoral union structures in CEE

(Ghellab and Vaughan-Whitehead, 2004) makes company-level organisations particularly vulnerable to employers' cost-cutting and productivity-boosting pressures. Consequently, they are much more restricted than their Western European counterparts in their ability to push for pay hikes, let alone welfare-enhancing measures. At the same time, privatisation of public services in CEE has been advancing relatively slowly, which allowed unions in the protected sector to protect collective rights and privileges of their constituencies. As the privatisation trends intensify, however, unions in the public sectors might find it increasingly difficult to uphold their constituencies' welfare and influence their countries' social policies via collective bargaining.

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